

Agenda Item # 62

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COUNTY BOARD, LAKE COUNTY, ILLINOIS

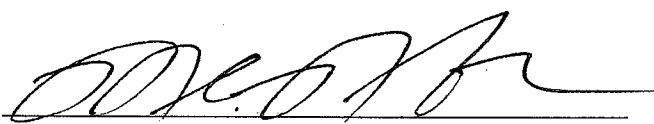
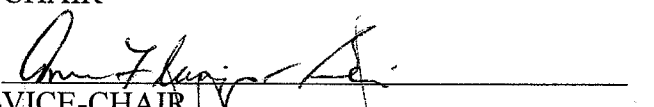
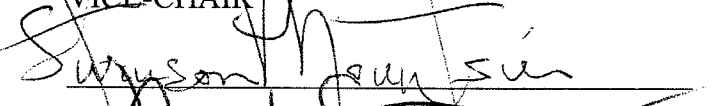
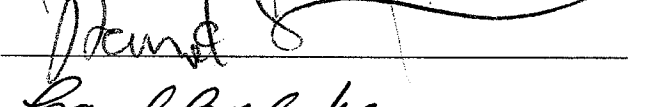
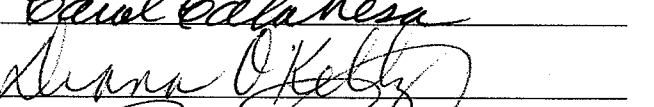


ADJOURNED REGULAR SEPTEMBER, A.D., 2007 SESSION

May 13, A.D., 2008

MADAM CHAIR AND MEMBERS OF THE COUNTY BOARD:

Your Financial and Administrative Committee presents herewith a Resolution setting forth the budget policies for compilation of the FY 2009 Lake County Budget and requests its adoption.

Respectfully submitted,

	AYE	NAY
 CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 VICE-CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Susan Johnson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 David	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Carol Calahorra	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Anna Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 FINANCIAL & ADMINISTRATIVE COMMITTEE	<input checked="" type="checkbox"/>	<input type="checkbox"/>

RESOLUTION

WHEREAS, this County Board has adopted a formal process for the compilation, presentation, and approval of the annual budget; and

WHEREAS, this process calls for the development of budget policies to guide the submission and evaluation of departmental requests for the annual budget; and

WHEREAS, this County Board has also adopted policies previously which serve to guide the development, adoption and implementation of the annual budget, some of which are the Capital Improvement Program Evaluation Criteria System (for Corporate Fund departments and County properties), the Investment Policy, the Transportation Funding Commitment Policy, Employee Policies and Procedures, Travel Reimbursement Policy, and the Purchasing Ordinance; and

WHEREAS, the County Board Chair and this County Board's continuing concern regarding economic conditions and the reality of the Property Tax Extension Limitation Act have dictated that special consideration be given to the compilation of the guidelines for the coming fiscal year; and

WHEREAS, the County Board Chair, the Financial and Administrative Committee, and the County Administrator recommend that the budget policies set forth herein be utilized for the submission, preparation, approval and execution of the FY 2009 Lake County budget; and

WHEREAS, these policies represent an earnest attempt by this County Board to develop a budget with full cognizance of:

- current economic conditions and future economic trends,

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- relevant labor markets and the need to maintain a compensation package that is externally competitive and internally equitable,
 - compliance with the letter and spirit of the Illinois Property Tax Extension Limitation Act,
 - perceived constituent service demands,
 - the goals and targets established by the County Board, and
 - prudent financial management practices for the short and long term.

NOW, THEREFORE, BE IT RESOLVED, by this County Board of Lake County, Illinois, that the attached budget policies are hereby adopted for the submission, preparation, approval and execution of the FY 2009 Lake County budget.

DATED, at Waukegan, Lake County, Illinois, on this 13th day of May A.D., 2008.

FY 2009 BUDGET POLICIES

I. GENERAL POLICY DIRECTIVES

A. Operating Budget Policies

1. The County will strive to pay for all current expenditures with current revenues. The County will avoid budgetary procedures that balance current expenditures at the expense of meeting future year's expenses such as postponing expenditures or borrowing from future year's revenues.
2. The budget will continue to provide for adequate maintenance of capital plant and equipment and for the orderly replacement of equipment.
3. The budget will continue to provide for adequate funding of all retirement systems.
4. The County will continue to maintain a financial system with statutory budget control to ensure adherence to the budget.
5. The Director of Finance and Administrative Services will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.
6. Each year, the County will update expenditure projections for the next five (5) years. Projections will include estimated operating costs of future capital improvements that are included in the capital improvement plan.

B. Revenue Policies

1. The County will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
2. The County will estimate its annual revenues by an objective, analytical process.
3. The County will project revenues for the next five (5) years and will update this projection annually.
4. The year-to-year increase of budgeted revenue from the property tax will adhere to the Illinois Property Tax Extension Limitation Law.
5. All user charges and fees will be reviewed on a regular basis, and where appropriate adjusted to a level related to the cost of providing the services, subject to State statutes.

C. Capital Improvement Policies

- C. The County will make all capital improvements in accordance with an adopted capital improvement program.
- D. The County will develop a multi-year plan for capital improvements and update it annually.
- E. The County will enact an annual budget in appropriate County funds based on the multi-year capital improvement plan.
- F. The County will coordinate development of the capital improvement budget with

fiscal responsibility, all departments of Lake County government shall prepare budget submissions consistent with the following Items:

- A. A *status quo* (no new positions or programs) budget shall be submitted in accordance with existing levels of services provided by the department. See the *Budget Instructions* regarding the definition, and exemptions, to determination of the *status quo* budget
- B. New or expanded programs may be included in the budget request as a separate package when funded by new sources of funds or a commensurate reduction of existing operations.
- C. New or expanded programs may be included in the budget request as a separate package when no funding source is identified and will be evaluated against County-wide priorities.
- D. County Board Members are also welcome to submit new or expanded programs for consideration. Departmental staff will be available to assist in writing the requests. These requests will be presented to the Board for consideration without staff recommendation.
- E. Department Heads are encouraged to review each vacant position in their department during the budget development and throughout the fiscal year with regard to each position's importance to the department and any alternative to refilling the vacant position.

III. BUDGET POLICIES BY FUND TYPE

A. Property Tax Funds (Excluding Special Service Areas)

- 1. The Illinois Property Tax Extension Limitation Law limits the amount of total property tax that can be levied by the County Board. In complying with the law, the levy for each fund shall be based upon an evaluation of its fiscal health; non-tax revenues; opportunities for non-tax revenue growth; level of planned expenditures; and cash requirements. Thus, departmental budget requests submitted in compliance with these policies may be subject to adjustment and/or reduction in order to satisfy levy determinations.
- 2. For all Property Tax Funds, the total of all unallocated fund balances is to be maintained in an amount equal to the total of all prior year maximum monthly cash flows in each fund plus an amount equal to 15% of the total of all Property Tax Fund's current fiscal year budget/appropriation. Except that the 15% requirement does not apply to the FICA, IMRF and the claim portion of the Risk Management & Liability Insurance Fund. The reserve funds may be used only in accordance with the *Reserve Fund Balance Policy* below.
- 3. In addition to adequately budgeting for all planned expenditures, the annual budget shall include an undesignated contingency within the General Operating Expense budget. This undesignated contingency shall not be less than \$250,000 for personnel related costs and \$300,000 of non-personnel related costs.
- 4. Aggregate appropriations, in each department, for commodity and contractual account classes shall not exceed the current year adjusted aggregate appropriations (cost increases for Health- Life-Dental Insurance, FICA and IMRF/SLEP are exempt).
- 5. No new or expanded state or federal grants shall be accepted that require use of

offset the cost of unanticipated high claims experience as needed, help offset the costs of additional wellness program incentives, and to fund a reserve for future benefits.

C. All Funds

1. Personnel Services Costs:

- a. Compensation will be addressed after budgets have been submitted and reviewed.

2. Revenues:

- a. After determination of all sources, all revenues shall be allocated across the various items appropriated by the County Board as provided by law. Unless otherwise provided by law, no department shall appropriate any specific source of revenue even though that revenue may be generated by any service it provides. Each property tax fund will be allocated a portion of any levy of taxes (where applicable), including any increase in a levy as may be applicable.
- b. The County will continue to increase the non-property tax revenues as follows:
 - (1) Make annual adjustments to all fee schedules under the jurisdiction of the County Board, where appropriate; and
 - (2) Maintain aggressive collection activities to receive outstanding monies owed the County; and
 - (3) Recommend new fees that could be charged for departmental activities or services that are currently being performed at no charge.

3. Capital Equipment:

- a. All budget requests for any capital items shall be based upon the estimated total purchase price, exclusive of trade-in value.
- b. Requests for capital outlay should be limited to replacement items only. Requests for new or expanded capital items must be submitted in accordance with the Budget Submittal Policies (Section II.C above).
- c. An item is considered capital equipment if it is a tangible item, has a useful life of more than 1 year, and has an acquisition cost including accessories of \$1,000 or more per item.

4. Facility-Related Expenses

All facility related costs including but not limited to requests for operations and maintenance costs and building improvements of any kind shall be subject to review, revision, consolidation, and utilization by the County Administrator's Office. Requests shall be consistent with, but may be distinct from, the Capital Improvement Plan.

5. Indirect Costs

When a fund or department is required to budget for any indirect cost allocation, those costs shall be determined pursuant to a study in compliance with Federal OMB

- c. One-third (5%) of this reserve in the general fund is set aside as additional liability reserves.
5. The 15% reserves can only be used after the budgeted contingency has been exhausted. These reserves can be used only after a plan has been outlined to address the situation that necessitated the use of the reserves.
6. The County Board may also designate cash balance in addition to the above reserves for the purpose of funding future capital projects.

C. Economic Downturn Indicators

1. Revenue growth for the following revenues in total falls below a 2% increase:
 - a. Sales tax revenue
 - b. State shared revenues (use tax, income tax and personal property replacement tax)
 - c. Recording fees
 - d. Traffic costs
2. Unemployment exceeds 6.5% for a six-month period based on the Illinois Department of Employment Security figures

Appendix A

Reserve Fund Balance Chart

Required Fund	CASH FLOW REQUIREMENT	plus	15% CASH RESERVE POLICY	plus	COUNTY* BOARD DESIGNATION	equals	REQUIRED FUND BALANCE
Fund: <i>General</i> <i>F.I.C.A.</i> <i>I.M.R.F.</i> <i>Veteran's Assistance Comm</i> <i>Hulse Detention</i> <i>Div. of Transportation</i> <i>Health Department</i> <i>Winchester House</i> <i>Tuberculosis Clinic</i>							
Total**							

****Total of tax levy operating fund balance fulfills reserve requirement**

*** includes capital, employee sick-pay and vacation accrual**